WORKERS' COMPENSATION BOARD OF BRITISH COLUMBIA 1988 ANNUAL REPORT

WORKERS COMPENSATION BOARD OF BRITISH COLUMBIA

A safer workplace ... now and in the future

23 March, 1989

To: His Honour the Lieutenant-Governor in Council
of the Province of British Columbia

May it please Your Honour, Sir:
As required by Section 69 of the Workers Compensation Act, we now submit the Annual Report of the Board, for the year ended 31 December, 1988.

Yours sincerely,

Lyall Hanson, Minister

THE STATISTICS SECTION OF THIS REPORT IS AVAILABLE AS A SEPARATE PUBLICATION ENTITLED ***STATISTICS '88*** *AND IS AVAILABLE FROM ANY WCB OFFICE.*

23 March, 1989

The Hon. Lyall Hanson
Minister of Labour and Consumer Services
Parliament Buildings
Victoria, B.C.
V8V 1X4

Mr. Hanson:

As Acting Chairman, I take pleasure in presenting the 1988 Annual Report for the Workers' Compensation Board of British Columbia. This report reflects former Chairman Jim Nielsen's administration.

The B.C. Board continued to break new ground . . .

1988 saw the successful implementation of the Workplace Hazardous Materials Information System (WHMIS). Our Occupational Safety and Health division was instrumental in developing this nation-wide system to protect workers from hazardous materials.

We were the first WCB in Canada to introduce a comprehensive safety education package in secondary schools. The pilot project, called *Safety . . . Make It Work For You*, was launched in the Richmond School District and well received by students who will soon enter the work force. It's an important part of our continuing commitment to accident prevention.

Retraining injured workers continued to be a priority. We achieved 100 percent placement for the first graduating class of Access Ability — our computer programming course for seriously-injured workers.

The WCB received an award of excellence from the International Association of Industrial Accident Boards and Commissions (IAIABC) for providing the highest standard of occupational safety and health services — the second such award in two years.

Learning how to work safely and how to recognize hazards is of the utmost importance. Teaching these skills to the workers and employers of today — and tomorrow — is our greatest challenge. If we do it well, the benefits will be immense, for everyone.

I'm proud to say that, at the WCB, we're not just talking about the future. We're doing something about it. We're planning, projecting, creating innovative programs, and implementing them. We're investing in the future now.

Sincerely,

Bill Greer

F.W. Greer
Acting Chairman

FINANCIAL AND STATISTICAL HIGHLIGHTS

FINANCIAL (,000's)	1988	1987	Percentage Change
Assessment Income	$ 441,951	$ 323,364	36.7%
Investment Income	$ 272,595	$ 248,790	9.6%
Cost of Workers' Claims	$ 369,256	$ 319,002	15.8%
Administration Expenses	$ 88,033	$ 75,153	17.1%
Unappropriated Surplus	$ 59,520	$ 77,899	(23.6%)
STATISTICAL			
Employers Registered	98,523	94,074	4.7%
Claims First Reported	192,515	169,059	13.9%
OS&H Inspection Reports Issued	42,973	37,736	13.9%
Administration Expenses as a Percent of Total Income	12.3%	13.1%	—

Assessment Income - the substantial increase over 1987 is largely the result of the assessment abatement granted in 1987. The 1988 aggregate assessment rate is estimated to be $1.80 per $100 of assessable payroll which is a reduction of 8% from the 1987 aggregate rate before abatement. The maximum assessable wage for 1988 was increased 18% to $41,300.

Investment Income - the return on the average market value of the investment portfolio was 10.2% compared to 9.9% in 1987. The real rate of return, being the yield in excess of C.P.I., was 5.9% compared to 5.7% in 1987. The total investment income was higher in 1988 mainly due to the increase in the size of the portfolio and to higher interest rates.

Cost of Workers' Claims - the maximum wage for benefits was increased from $41,100 to $41,300. The total cost of workers' claims increased 15.8% as a result of increases in the injury rate and general employment levels. The claims severity, however, remained relatively stable.

Administration Expenses - the 17.1% increase reflects inflation increases and the Board's increasing commitment to upgrading services to the public. It also reflects the Board's ongoing computerization of its facilities and systems.

Unappropriated Surplus - the 1987 unappropriated surplus of $78 million has been reduced to $60 million. The benefit maintenance and assessment rate stabilization reserve remains at $146 million.

OCCUPATIONAL SAFETY AND HEALTH DIVISION

The Occupational Safety and Health division (OS&H) is responsible for Education and Training, First Aid, Field Services, and Research and Standards. The division's primary aim is the promotion of workplace safety and health.

OS&H officers completed 42,973 workplace inspections in 1988 — up 14% from 37,736 in 1987. Compliance orders increased 17% — to 61,921 from 52,893 in 1987. Penalties assessed by the division also increased — to 517 from 332 in 1987.

Intensifying its training efforts, the WCB offered 3,238 educational presentations around the province — an increase of 18% over 1987. Programs such as The Young Worker, Asbestos Identification, Logger Safety Seminars, Supervisor Training, Lock-Out Procedures and Mobile Equipment Safety are an integral part of the WCB's commitment to safety in the workplace. In addition, the Education and Training Section offered 193 courses.

WHMIS

The most significant event of 1988 for the Occupational Safety and Health division was implementation of the Workplace Hazardous Materials Information System (WHMIS). WHMIS is a nation-wide system of regulations requiring all hazardous materials to be properly labelled and accompanied by relevant safety informatioin. WHMIS also requires that workers be educated about the system and trained in the safe handling of hazardous materials. WHMIS came into effect on October 31 across Canada. OS&H members have been involved in WHMIS since its inception in 1979 and were instrumental in the planning and implementation of the program.

"Safety ... Make It Work For You"

Almost one quarter of all claims for compensation in B.C. are made by workers between the ages of 15 and 24. In 1988, OS&H and Community Relations designed a safety education program specifically for young workers. *Safety ... Make It Work For You* teaches students in grades 10 and 11 the basics of safety and starts them thinking about good work habits before they enter the work force. The program is the first of its kind to be introduced by a Canadian compensation board. The pilot was tested in Richmond School District and is scheduled for province-wide release in 1989.

New Regulations

The first draft of the proposed Occupational Safety and Health Regulations was completed for public consideration in 1988. After consultation with workers, employers and other interested parties, the WCB will produce a second draft and invite public comment. The Board will then meet with a labour and management review group for discussion of the proposals, to be completed at the end of 1989. The third draft will be prepared for a public hearing, to be held in 1990.

Order Tracking

A new, computerized order tracking system was developed in conjunction with the Information Systems department. When a WCB Safety Officer inspects a job site and writes orders on the inspection report, it's often necessary to follow up those orders. Order tracking is a systematic way of ensuring that follow-up on written orders will take place.

Hearing Tests

The OS&H division, in conjunction with construction unions and industry representatives, began a program of hearing tests for workers in the construction industry in October 1987. Under the Hearing Conservation Program, more than 26,000 construction workers in the province were

given hearing tests during 1988. The program will continue to test workers on an annual basis. Data gathered will help pinpoint dangerously noisy work areas and educate workers on the hazards of high-level noise.

Logging Safety

A new logging safety program was introduced to the south Okanagan region. Contractors found that using the program not only decreased their injury rate, it improved communication among crew members and increased the profitability of the whole operation. The program will be introduced to all regions in the province.

Education and Training

The Education and Training section of OS&H developed three new programs:

One-day *Managers' Seminars* are directed at senior management personnel in all industries. They address common concerns like working within WCB guidelines and controlling accident costs.

Occupational Safety and Health Program Development is a two-day seminar for contractors, supervisors and safety committee members. In a joint venture with Malaspina College, the WCB provided lesson plans, audio-visual materials and instructional assistance. The college provided the personnel. UBC Faculty of Commerce and New Caledonia College in Prince George have expressed interest in offering the program.

Occupational Safety and Health Program Content and Evaluation is a three-day seminar for labour and management personnel who wish to analyze and improve a safety program.

Awards

The WCB received international recognition for providing the highest standard of occupational safety and health services. The International Association of Industrial Accident Boards and Commissions gave the award to B.C. for excellence in engineering services, education services, hazard identification and elimination and ergonomic analysis services. This is the second year the British Columbia Board has won the award.

The Compensation and Medical Services division administers physical and vocational rehabilitation, wage-loss, pensions and medical aid benefits for injured and occupationally-diseased workers.

In 1988, 96.1% of adjudicated claims were accepted. There were 192,515 claims first reported — up 13.9% from the 169,059 first reported in 1987. This increase can be attributed, in part, to an increase in employment activity in B.C.

The maximum wage rate for calculating benefits was increased to $41,300 from $41,100. At $594.04 a week, the WCB of B.C. paid the highest weekly compensation rate in Canada.

A computerized system was developed to increase WCB efficiency in paying wage-loss benefits. A project team from Claims, Vocational Rehabilitation and Information Systems streamlined the wage-loss claims process to produce wage-loss cheques quickly and efficiently. Future improvements will include computerized systems for pension payments and medical aid benefits.

Rehabilitation Centre

The Rehabilitation Clinic has four major treatment areas - physiotherapy, remedial therapy, occupational therapy and the industrial department. More than 3,000 injured workers receive specialized care in the clinic every year. The facility is considered one of the best in North America.

WCB physicians in the Richmond complex and area offices reviewed more than 51,200 files and performed 11,600 examinations in 1988. Specialist consultations were provided in orthopedics, neurosurgery, neurology, internal medicine, ophthalmology, psychiatry, and chiropractic.

Plans were developed for a Functional Evaluation Unit. A team of evaluation specialists — a physician, remedial therapist, occupational therapist, vocational rehabilitation consultant, industrial evaluator and a diagnostic technician — will provide the expertise needed to determine an individual's capacity for work.

To assist the Unit in assessing complex cases, the clinic received two pieces of state-of-the-art equipment. The "Dynatrac" is both a rehabilitation and assessment machine. It can be programmed by the patient or therapist to exercise virtually any part of the body, at any level of intensity. Detailed data on the workout can be printed or stored for evaluation.

The Isotechnology B-200, which measures back strength and range of movement, gives therapists a reliable method of monitoring the effectiveness of back treatment and gives patients a sense of achievement during recovery.

Vocational Rehabilitation Services

Vocational Rehabilitation consultants counsel injured workers and assist them in returning to productive employment. The department provides a wide range of training programs.

Access Ability, the computer programming course for seriously-injured workers introduced in 1987, was a resounding success in its first year. Thirteen students graduated as entry-level computer programmers. All were placed in full-time positions. The high success rate is a direct result of the students' ability and the support provided by more than 60 of B.C.'s largest corporations. This unique rehabilitation program continues.

FINANCIAL SERVICES DIVISION

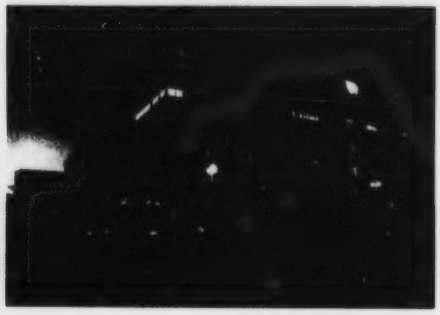
The Financial Services division is responsible for the Actuarial, Assessments, Controller's, Statistical Services and Treasury departments.

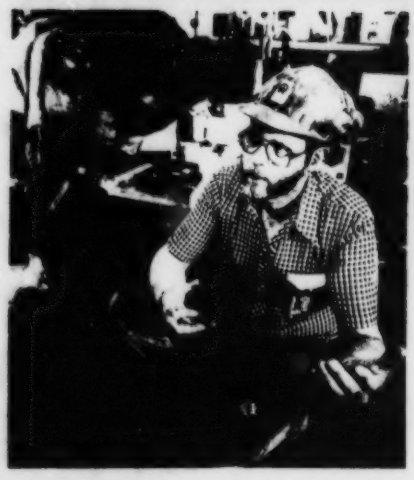
The number of registered employers increased during the year to 98,523 from 94,074 - up five percent.

A $14.8 million credit was provided to employers in eight industry groups. A decline in accident rates and improved investment returns in recent years made this credit possible to 4,010 eligible employers.

The Farming Industry was included in the Experience Rating Assessment plan (ERA) in 1988.

Two new, five-year reports were released by the Statistical Services Department. *Occupational Diseases in B.C. 1983 - 1987* and *Trends in Types of Accidents by Occupation 1983 - 1987* will be updated annually. These studies are distributed to Safety and Hygiene officers and are available, free of charge, to the public.





PLAY IT SAFE

ADMINISTRATIVE SERVICES DIVISION

The Administrative Services division includes Community Relations, Information Systems and Technical Services.

Community Relations

In 1988, Community Relations produced nine new videos and one slide/tape presentation. Three videos - *Survival First Aid, Hearing Conservation Program For Employers* and *The Road Back* - won Awards of Merit from the International Television Association and Pacific Instructional Media Associates.

Odyssey of Challenge was produced for the WCB. This half-hour documentary is about the struggle of four seriously-injured workers to get back to work. It highlights the WCB's Access Ability program and was broadcast on BCTV and CHEK-TV.

A public awareness campaign on Alcohol and Drug Abuse in the Workplace was launched. Print ads, a poster and radio spots were designed to publicize the dangers of substance abuse in the workplace. The campaign was part of the WCB's continuing effort to decrease injuries due to substance abuse.

Production was up 33% in the Printing section. The WCB Print shop produces forms, safety posters, brochures and pamphlets - many of which are free to B.C. workers and employers.

Information Systems

During 1988 Information Systems continued implementation of new data base technology throughout the WCB. DB2 is a relational data base that provides a more responsive automation environment, thereby improving the speed and quality of service to workers and employers.

Other major systems developed by the department include:

- Order tracking - enables each WCB field officer to keep track of orders they write during hundreds of inspections annually.
- Automated wage-loss - helps to produce wage-loss cheques for thousands of claimants more quickly and more efficiently.
- General Certification System (GCS) - WCB issues certificates for all industrial first aid attendants, blasters, miners and audiometric technicians in the province. GCS is a common data bank set up to organize the issuance and verification of those certificates.
- Industrial Audiometric System (IAS) - the results of 200,000 workers' hearing tests are kept on file in the Board Hearing Conservation Section. The IAS data base processes and edits the tests, then makes them available for evaluation.

Technical Services

Technical Services employed 18 disabled claimants for a 20-month accelerated program to microfilm all WCB files. Seven were hired permanently in 1988. Disabled workers now make up one-third of the Microfilm office staff.

1988 GRANTS

The Workers' Compensation Board of British Columbia has a long history of supporting research and development. In 1988, the WCB funded a wide range of studies in Occupational Safety and Health and Rehabilitation Medicine - studies that will lead to preventing asthma in sawmill workers, reducing the incidence of vibration "white finger" in fallers and to better orthopedic footwear.

The WCB also supports worthwhile efforts to integrate disabled workers into mainstream society. By encouraging employers to hire disabled workers, by establishing scholarships at post-secondary educational institutions and by sponsoring wheelchair races the WCB heightens public awareness about disabled workers.

The following is the schedule of 1988 grants:

BC Children's Hospital - Children's Telethon	$ 1,000
BCIT - Entrance scholarship fund	$ 1,500
BC Safety Council - Grant for education and service activities	$ 25,000
Cancer Control Agency	$150,000
Cancer Control Agency - International cancer symposium	$ 2,000
Canadian Occupational Health & Safety Week	$ 560
Canadian Paraplegic Association - year 1 of 5	$ 62,500
Canadian Standards Association - year 3 of 3	$ 9,540
Canadian Wheelchair Sports Association, BC Division	$ 12,000
Prince George Medical Society - Northern Doctors' Day	$ 1,286
Sam Steele Wheelchair Race Association	$ 6,000
UBC Health Care & Epidemiology (HC&E)	$150,000
UBC HC&E - Study of TCMTB in sawmills	$ 47,169
UBC HC&E - Hygiene and toxicology instrumentation	$ 30,063
UBC HC&E - Vibration white finger disease study	$ 17,500
UBC/VGH Dept. of Radiology - Epidural scarring study	$ 23,840
UBC Occupational Disease Research Unit (ODRU)	$192,170
UBC ODRU - Respiratory study of mill workers	$ 11,239
UBC ODRU - Respiratory study of auto spray painters	$ 21,474
UBC ODRU - Instrumentation for asthma study	$ 20,461
UBC Medical Engineering Resource Unit (MERU)	$ 52,658
UBC MERU - Computer-aided foot assessment system	$ 19,455
UBC Orthopedic Days	$ 3,250
Vancouver Amputee Soccer Club	$ 4,000
	$864,668*

* Figures are rounded.

Legislative Assembly
Province of British Columbia

AUDITOR GENERAL

8 Bastion Square
Victoria
British Columbia
V8V 1X4
(604) 387-6803

AUDITOR'S REPORT

To the Chairman and Members of the Workers' Compensation Board, and

To the Minister of Labour and Consumer Services
Province of British Columbia:

I have examined the balance sheet of the Workers' Compensation Board as at December 31, 1988 and the statements of income and expense and unappropriated surplus, changes in fund liabilities, changes in reserve balances and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1988 and the results of its operations and the changes in its fund liabilities, reserve balances and financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Further, I have examined the transactions that came to my notice in the course of my examination of the financial statements to determine whether they were in accordance with the Workers Compensation Act. In my opinion, these transactions were, in all significant respects, in compliance with the Act.

Victoria, British Columbia
March 2, 1989

George L. Morfitt, F.C.A.
Auditor General

BALANCE SHEET
AS AT 31 DECEMBER 1988 (in $,000's)

	1988	1987
ASSETS		
Assessments and accrued interest receivable	134,352	115,566
Deposit account unfinalled claims receivable	80,585	69,730
Portfolio investments (Note 2)	2,754,793	2,544,790
Deferred long-term investment losses (Note 4)	44,875	37,065
Fixed assets (Note 3)	58,304	55,032
	3,072,909	2,822,183
LIABILITIES, RESERVES AND UNAPPROPRIATED SURPLUS		
Accounts payable and accrued liabilities	17,212	17,601
Accident fund liabilities (Exhibit 3)	2,779,380	2,512,218
Silicosis fund liabilities (Exhibit 3)	30,933	30,820
	2,827,525	2,560,639
Accident fund special reserves (Exhibit 4)	39,918	37,846
Benefit maintenance and assessment rate stabilization reserve (Exhibit 4)	145,946	145,799
Unappropriated surplus (Exhibit 2)	59,520	77,899
	3,072,909	2,822,183

The accompanying eight notes are an integral part of these financial statements.

Approved by the Board:

F.W. Greer
Acting Chairman

R.D. Gunn
General Manager
Financial Services

STATEMENT OF INCOME AND EXPENSE AND UNAPPROPRIATED SURPLUS FOR THE YEAR ENDED 31 DECEMBER 1988 (in $,000's)

	1988	1987
INCOME		
Assessments		
Classes	402,133	296,367
Deposit accounts	36,776	24,532
Penalties	3,042	2,465
	441,951	323,364
Investment income		
Earned for the year	270,853	246,947
Amortization of long-term investment gains (Note 4)	1,742	1,843
	272,595	248,790
	714,546	572,154
EXPENSE		
Current year claims		
Wage loss compensation	108,140	91,748
Medical aid payments	38,101	31,364
Pension awards, capitalized values	15,781	15,739
Provision for unfinalled claims	238,167	196,934
	400,189	335,785
Prior years' claims		
Adjustment to fund liabilities and reserves (Note 5)	222,414	175,525
Administration and other expenses		
Administration	88,033	75,153
Review Board and Advisers	5,274	5,036
Research grants and awards	868	1,267
	94,175	81,456
	716,778	592,766
NET (LOSS) INCOME	(2,232)	(20,612)
UNAPPROPRIATED SURPLUS - 1 January	77,899	111,310
APPROPRIATION TO SPECIAL RESERVES	(16,000)	(17,000)
(APPROPRIATION TO) TRANSFER FROM BENEFIT MAINTENANCE AND ASSESSMENT RATE STABILIZATION RESERVE	(147)	4,201
UNAPPROPRIATED SURPLUS - 31 December (Exhibit 1)	59,520	77,899

STATEMENT OF CHANGES IN FUND LIABILITIES FOR THE YEAR ENDED 31 DECEMBER 1988 (in $,000's)

	Accident Fund		Silicosis Fund	
	1988	1987	1988	1987
ADDITIONS TO THE FUND LIABILITIES				
Current year claims				
Provision for unfinalled claims	236,637	196,382	1,530	552
Pension awards, capitalized values (Note 6)	22,824	22,978	38	—
Prior years' claims				
Adjustment to fund liabilities (Note 5)	218,370	171,605	1,103	1,536
	477,831	390,965	2,671	2,088
DEDUCTIONS FROM THE FUND LIABILITIES				
Pensions paid	123,677	105,818	2,485	2,430
Wage loss compensation	54,128	48,817	—	36
Medical aid payments	32,864	29,850	73	114
	210,669	184,485	2,558	2,580
CURRENT YEAR INCREASE (DECREASE)	267,162	206,480	113	(492)
BALANCE - 1 January	2,512,218	2,305,738	30,820	31,312
BALANCE - 31 December (Exhibit 1)	2,779,380	2,512,218	30,933	30,820
Represented by:				
Provision for unfinalled claims	1,203,408	1,063,803	10,331	10,709
Pension awards, capitalized values	1,575,972	1,448,415	20,602	20,111
	2,779,380	2,512,218	30,933	30,820

WORKERS' COMPENSATION BOARD

STATEMENT OF CHANGES IN RESERVE BALANCES FOR THE YEAR ENDED 31 DECEMBER 1988 (in $,000's)

ACCIDENT FUND SPECIAL RESERVES

	Contingent	Disaster	Enhancement	Total 1988	Total 1987
ADDITIONS TO THE RESERVES					
Appropriation of net income	—	—	16,000	16,000	17,000
Adjustment to prior years' reserves (Note 5)	195	1,534	1,212	2,941	2,384
	195	1,534	17,212	18,941	19,384
DEDUCTIONS FROM THE RESERVES					
Pension awards, capitalized values	—	467	6,579	7,046	7,239
Wage loss compensation	—	393	7,291	7,684	6,401
Medical aid payments	—	140	1,999	2,139	2,424
	—	1,000	15,869	16,869	16,064
CURRENT YEAR INCREASE	195	534	1,343	2,072	3,320
BALANCE - 1 January	1,944	15,844	20,058	37,846	34,526
BALANCE - 31 December (Exhibit 1)	2,139	16,378	21,401	39,918	37,846

BENEFIT MAINTENANCE AND ASSESSMENT RATE STABILIZATION RESERVE

	1988	1987
CURRENT YEAR INCREASE (DECREASE)		
Appropriation of (Transfer to) surplus	147	(4,201)
BALANCE - 1 January	145,799	150,000
BALANCE - 31 December (Exhibit 1)	145,946	145,799

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 1988 (in $,000's)

	1988	1987
OPERATING ACTIVITIES		
Net (loss) income	(2,253)	(20,612)
Add (deduct) items not requiring cash:		
Provision for unfinalled claims	238,167	196,934
Adjustment to fund liabilities and reserves (Note 5)	222,414	175,525
Pension awards, capitalized values	15,781	15,739
Depreciation	6,921	5,421
(Gain) loss on disposal of fixed assets	(139)	22
Pension payments recovered from third parties	35	—
Deduct cash applied in settlement of fund liabilities or charged against special reserves:		
Pensions paid	(126,162)	(108,248)
Wage loss compensation	(61,812)	(55,254)
Medical aid payments	(55,076)	(32,388)
Funds provided by operating activities	357,897	177,139
OTHER ACTIVITIES		
Purchase of fixed assets	(10,284)	(4,343)
Proceeds from the disposal of fixed assets	230	593
Increase in deferred long-term investment losses	(7,810)	(116,902)
(Increase) decrease in assessments and accrued interest receivable	(18,786)	12,307
Decrease in accounts payable and accrued liabilities	(389)	(4,714)
Increase in deposit account unfinalled claims receivable	(10,855)	(573)
Funds applied to other activities	(47,894)	(113,632)
INCREASE IN FUNDS INVESTED	210,003	63,507
FUNDS INVESTED - 1 January	2,544,790	2,481,283
FUNDS INVESTED - 31 December	2,754,793	2,544,790

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1988

Note 1 - Significant Accounting Policies

(a) Fund Accounting
Although the liabilities and reserves of the Board are allocated to the Accident and Silicosis Funds and various sub-divisions thereof, the assets are recorded on a pooled basis with no allocation of individual assets to specific funds.

(b) Portfolio Investments
Long-term investments, consisting primarily of bonds of the Government of Canada, various Provinces and Crown corporations, having terms greater than 1 year, are stated at market value. The amount by which market value differs from book value represents an unrealized gain or loss. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of long-term investments during the year, are deferred and amortized on a straight-line basis over a five year period.

Short-term investments, consisting primarily of treasury bills and discounted bank notes, having terms less than or equal to 1 year, are stated at amortized cost.

(c) Fixed Assets
Fixed assets are reported at cost and are depreciated on a straight-line basis over their estimated useful lives. The rates used are as follows:

Buildings	20 to 40 years
Equipment	3 to 10 years
Furniture	10 years
Vehicles	5 years

(d) Accident and Silicosis Fund Liabilities
The Board appoints a consulting actuary who examines the Fund liabilities and the underlying assumptions and methods. The report of the consulting actuary is appended to these financial statements.

(i) Unfinalled Claims
Provisions for future claims costs relating to injuries occurring prior to 31 December 1988, for which the final settlement has not been determined, represent the unfinalled claims liabilities which are part of the Accident and Silicosis Funds established under Sections 39(1)(c) and 41(2)(b) of the Workers Compensation Act. Wage loss compensation and medical aid payments made, and the capitalized value of pension awards granted, after the year of injury (or after the year in which the claim is allowed, in the case of Silicosis), are charged to the respective unfinalled claims liabilities.

(ii) Pensions
Capitalized values of pension awards are credited to the pension liability provisions, which are then charged with pensions paid. When a pension is awarded for an injury which occurred in the current year, its capitalized value is treated as a current period expense. In the case of a pension awarded after the year of the injury (or after the year in which the claim is allowed, in the case of Silicosis), the capitalized value of the pension is charged to the appropriate unfinalled claims liability.

(e) Reserves
(i) Accident Fund special reserves established pursuant to Section 39 of the Workers Compensation Act are:

- Contingent Reserve [Section 39 (1)(b)] which provides a reserve in aid of industries or classes which may become depleted or extinguished.

- Disaster Reserve [Section 39 (1)(d)] which provides a reserve to be used to meet the loss arising from a disaster or other circumstances which the Board considers would unfairly burden the employers in a particular class.

- Enhancement Reserve [Section 39 (1)(e)] which provides a reserve for payment of that portion of a disability enhanced by reason of a pre-existing disease, condition or disability.

Investment income is allocated to these reserves, pro rata, from total investment income earned by the Board.

Claims deemed by the Board to be covered by these reserves are deducted directly from the reserves and are not charged to current operations.

(ii) The Board has established a Benefit Maintenance and Assessment Rate Stabilization Reserve which may be used to reduce the impact on assessment rates resulting from such changes as claim frequencies, benefit levels or rates of return on investments.

The Board determines the amounts required to maintain these reserves at an adequate level and resulting appropriations are prorated to the various employer classes.

(f) Current Year Claims
Wage loss compensation and medical aid payments represent expenditures resulting from injuries which occurred during the current year. Amounts recorded as "Pension awards, capitalized values" and as "Provision for unfinalled claims" are the actuarial estimates of the present values of future payments resulting from injuries which occurred during the current year. The calculation of the present value provides for the future indexation of pensions by assuming that the annual rate of return on the Board's investments will exceed the annual increase in the Consumer Price Index (CPI) by 2⅛%.

(g) Prior Years' Claims
The Board determines its liabilities at the end of each year for all injuries that have taken place to that time. During the following year, it makes benefit payments and sets new awards on those prior injuries; benefits are also increased in line with increases in the CPI. Investment income is also earned on the assets available to finance those liabilities. At the end of the following year, the Board redetermines its actuarial requirements for those prior injuries, taking into account the actual investment income, benefit increases, claims payments and pension awards made during the year. The actuarial assumptions used in those calculations may also be modified to include the more recent experience of such factors as mortality, claims levels and claims costs. This process results in an adjustment to the fund liabilities and reserves.

(h) Assessment Income and Assessments Receivable
As a significant portion of assessment income for the year is not received until after the year-end, the amount shown is an estimate based on statistical data. The difference between the estimate and the actual income received is credited or charged to income in the following year.

(i) Deposit Account Unfinalled Claims Receivable
Certain employers have been placed in deposit classes. These employers are billed on a monthly basis for wage loss compensation, medical aid payments and the capitalized value of pension awards made on their behalf, together with their proportionate share of administrative costs.

The receivable represents the present value of the estimated future payments for the unfinalled claims of deposit classes, less deposits required to be placed on account with the Board.

The Board also acts as the agent of the Government of Canada for the payment of compensation to federal employees in British Columbia. Amounts paid are recovered from the Government of Canada on a monthly basis.

Note 2 - Portfolio Investments ($,000's)

	1988	1987
Long-term investments, market value	[illegible]	1,898,952
Short-term investments, amortized cost	[illegible]	645,337
(Bank indebtedness) cash	[illegible]	501
		2,544,790

Note 3 - Fixed Assets ($,000's)

	1988				1987
	Cost	Depreciation	Accumulated Depreciation	Net Book Value	Net Book Value
Land	1,639	—	—	1,639	1,639
Buildings	49,725	1,347	11,086	38,639	39,976
Furniture, Equipment & Vehicles	35,069	5,574	17,043	18,026	13,417
Totals	86,433	6,921	28,129	58,304	55,032

Note 4 - Deferred Long-Term Investment Losses ($,000's)

	1988	1987
Balance - 1 January	37,065	(79,837)
Realized net (gains) losses for the year	(2,015)	6,466
Unrealized net losses for the year	8,083	108,593
	43,133	35,222
Amortization credited to investment income	1,742	1,843
Balance - 31 December	44,875	37,065

Note 5 - Adjustment to Fund Liabilities and Reserves ($,000's)

	1988				1987
	Accident Fund	Silicosis Fund	Special Reserves	Total	Total
Investment income allocation	266,295	3,359	2,941	272,595	248,790
Adjustment to prior years' actuarial estimates	(47,925)	(2,256)	—	(50,181)	(73,265)
Totals	218,370	1,103	2,941	222,414	175,525

Note 6 - Pension Awards, Capitalized Values ($,000's)

	1988	1987
Pension awards, capitalized values:		
Total	156,532	101,859
Charged to provision for unfinalled claims	133,670	78,881
Current year claims	22,862	22,978
Included in:		
Accident Fund	22,824	22,978
Silicosis Fund	38	—
	22,862	22,978

Note 7 - Superannuation Plan

The Board and its employees contribute to the Workers' Compensation Board Superannuation Plan, a defined benefit plan.

The Board's 1988 contributions to the Plan amounted to $5,016,000 (1987 - $4,608,000).

The Plan requires an actuarial valuation of the Plan's liabilities at intervals of not more than three years. The last valuation was carried out as at March 31, 1988. Effective January 1, 1988 the Board prospectively adopted the new recommendations of the Canadian Institute of Chartered Accountants for pension costs and obligations. As a result, the pension plan liabilities have been projected to December 31, 1988, using the accrued benefit actuarial method, based on the actuarial valuation made as of March 31, 1988. Pension plan assets are stated at market related values. The effect of the adoption of the recommendations on net income is not material. The resulting values of pension assets and liabilities as at December 31, 1988 are as follows:

Assets	$117,236,000
Liabilities	$114,353,000
Net Surplus	$ 2,883,000

The net surplus is not included in the Board's financial statements.

Note 8 - Comparatives

Certain comparative figures have been reclassified to conform with the current year's presentation.

ACTUARY'S REPORT

ECKLER PARTNERS LTD.

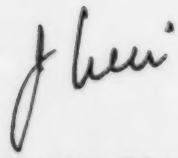
The Pension Liabilities for the Accident and Silicosis Funds are for pensions in effect as at 1 January 1989, but excluding pensions arising from injuries to Federal Government workers (Class 19). The present value of increases in pensions effective 1 January 1989 has been included in the Liabilities. The mortality and remarriage table used in calculating reserves for widows' pensions was revised on the basis of recent experience. With this exception, the Pension Liabilities have been computed using the same mortality, net interest rate and other assumptions used for the valuation as at 31 December 1987. The net interest rate of 2-⅜% makes implicit provision for the future indexing of pensions on the assumption that interest earnings on Board assets in excess of 2-⅜% will correspond to future increases in the Consumer Price Index.

The Unfinalled Claims Liabilities for the Accident and Silicosis Funds are shown separately for Rateable Classes and for Deposit Classes (excluding Class 19), and are based on projections of future claims payments and awards using ratios developed from the Board's claims experience, average benefit rates, the net interest rate assumption of 2-⅜% and, where applicable, mortality, remarriage and other assumptions used for computing Pension Liabilities. The methods used in calculating these liabilities were substantially the same as those employed in the previous valuation as at 31 December 1987.

The liabilities included in this report have been computed by the Board in accordance with methods and assumptions approved by us. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for our purposes and consistent with the Board's financial statements.

In our opinion, the amounts set out below, which have been determined by the methods and assumptions described above, make reasonable provision for the future liabilities of the Board as at 31 December 1988.

Accident Fund	
Pension Liabilities	$1,575,972,000
Unfinalled Claims Liabilities	
- Rateable Classes	1,118,168,000
- Deposit Classes	85,240,000
	$2,779,380,000
Silicosis Fund	
Pension Liabilities	$ 20,602,000
Unfinalled Claims Liabilities	10,331,000
	$ 30,933,000



Jacob Levi, F.S.A., F.C.I.A.
10 March 1989

Eckler Partners Ltd.
Consulting Actuaries

STATEMENT OF ALL YEARS' CLAIM COSTS AND UNAPPROPRIATED SURPLUS FOR THE YEAR ENDED 31 DECEMBER 1988 (in $,000's)

	1987
INCOME	
Assessments	
Classes	296,367
Deposit accounts	24,532
Penalties	2,465
	323,364
Investment income	
Earned for the year	246,947
Amortization of long-term investment gains	1,843
	248,790
	572,154
EXPENSE	
Cost of workers' claims	
Wage loss compensation	147,002
Medical aid payments	63,752
Pensions paid	108,248
	319,002
Administration and other expenses	
Administration	75,153
Review Board and Advisers	5,036
Research grants and awards	1,267
	81,456
	400,458
EXCESS OF INCOME OVER EXPENSES	171,696
INCREASE (DECREASE) IN ACTUARIAL LIABILITIES AND RESERVES	
Actuarial liabilities	
Accident fund	206,480
Silicosis fund	(492)
	205,988
Reserves	
Accident fund special reserves	3,320
Benefit maintenance and assessment rate stabilization reserve	(4,201)
	(881)
	205,107
NET (DECREASE) INCREASE	(33,411)
UNAPPROPRIATED SURPLUS - 1 January	111,310
UNAPPROPRIATED SURPLUS - 31 December	77,899

STATEMENT OF ASSESSMENTS AND CURRENT YEAR INJURY COSTS FOR THE YEAR ENDED 31 DECEMBER 1988 (in $,000's)

Class and Sub-Class		INCOME	COSTS CHARGED TO SUB-CLASSES							NET
		Assessments	Wage Loss Compensation	Medical Aid Payments	Pension Awards Capitalized Values	Provision For Unfinalled Claims	Administration And Other Expenses	Appropriation To Special Reserves	Total Costs	Current Year Excess (Deficiency)
1	2	72,118	11,094	4,433	2,540	33,695	11,407	2,711	65,880	6,238
	4	6,353	1,712	701	824	4,860	1,856	238	10,191	(3,838)
	5	22,011	6,823	2,721	1,755	15,257	6,586	921	34,063	(12,052)
	7	7,177	2,061	782	50	4,770	1,539	269	9,471	(2,294)
	9	2,545	971	261	29	1,755	655	99	3,770	(1,225)
		110,204	22,661	8,898	5,198	60,337	22,043	4,238	123,375	(13,171)
4	3	3,385	486	180	4	1,501	698	125	2,994	391
	11	9,262	1,975	808	1,072	8,304	1,770	351	14,280	(5,018)
	18	1,495	153	65	3	292	220	56	789	706
	30	609	539	267	1	1,680	501	22	3,010	(2,401)
		14,751	3,153	1,320	1,080	11,777	3,189	554	21,073	(6,322)
6	2	7,748	2,976	920	4	4,781	2,272	287	11,240	(3,492)
	3	2,114	440	190	0	827	663	77	2,197	(83)
	4	4,965	1,908	783	252	3,260	1,183	198	7,584	(2,619)
	5	15	100	51	0	160	82	0	393	(378)
	7	545	273	55	0	276	170	21	795	(250)
	8	1,214	403	104	0	307	187	45	1,046	168
	17	351	56	20	0	88	54	12	230	121
	18	354	161	67	0	120	96	13	457	(103)
	20	2,655	920	227	198	1,153	510	94	3,102	(447)
	21	14,188	4,600	1,551	4	7,851	3,872	533	18,411	(4,223)
	22	2,568	859	431	0	2,742	851	99	4,982	(2,414)
	24	3,105	1,052	255	27	1,315	509	117	3,275	(170)
	25	687	174	70	0	279	200	26	749	(62)
	26	27,364	7,423	2,015	25	12,300	3,947	1,031	26,741	623
	27	8,778	2,801	1,652	238	5,161	1,930	329	12,111	(3,333)
	31	160	109	42	0	96	58	6	311	(151)
	32	1,735	360	90	29	605	237	65	1,386	349
	36	848	208	81	3	410	197	32	931	(83)
	37	2,197	1,100	293	20	1,622	614	82	3,731	(1,534)
	39	1,665	516	146	13	644	417	63	1,799	(134)
	43	5,968	854	519	0	3,426	551	227	5,577	391
	46	48	17	6	0	27	16	2	68	(20)
	54	3,768	1,234	408	0	2,028	1,455	142	5,267	(1,499)
	56	55	8	2	0	14	63	2	89	(34)
	57	3,473	909	319	713	2,215	985	127	5,268	(1,795)
	58	935	270	100	0	444	153	35	1,002	(67)
	59	12,063	2,837	1,201	164	6,751	2,490	456	13,899	(1,836)
		109,566	32,568	11,598	1,690	58,902	23,762	4,121	132,641	(23,075)
7	5	8,887	1,662	487	0	3,739	1,785	322	7,995	892
	6	38,295	8,206	2,865	1,383	20,980	9,796	1,379	44,609	(6,314)
	7	28,173	8,896	2,933	532	17,000	6,828	1,058	37,247	(9,074)
	11	2,497	885	334	20	2,171	1,315	95	4,820	(2,323)
	13	1,602	478	165	0	865	259	61	1,828	(226)
	21	1,347	972	204	95	1,468	657	51	3,447	(2,100)
	25	6,315	1,107	304	404	2,927	1,416	238	6,396	(81)
	26	16,845	2,960	1,043	537	9,011	3,509	632	17,692	(847)
	47	454	58	32	0	847	142	17	1,096	(642)
	48	815	309	115	5	1,130	391	31	1,981	(1,166)
		105,230	25,533	8,482	2,976	60,138	26,098	3,884	127,111	(21,881)

STATEMENT OF ASSESSMENTS AND CURRENT YEAR INJURY COSTS FOR THE YEAR ENDED 31 DECEMBER 1988 (in $,000's)

Class and Sub-Class		INCOME	COSTS CHARGED TO SUB-CLASSES							NET
		Assessments	Wage Loss Compensation	Medical Aid Payments	Pension Awards Capitalized Values	Provision For Unfinalled Claims	Administration And Other Expenses	Appropriation To Special Reserves	Total Costs	Current Year Excess (Deficiency)
8	1	1,176	464	182	72	1,130	684	43	2,575	(1,399)
	8	2,110	455	116	0	883	391	79	1,924	186
	11	1,627	782	165	0	930	400	61	2,338	(711)
	12	643	334	121	124	334	171	24	1,108	(465)
	20	682	176	84	0	587	114	25	986	(304)
	23	1,453	86	53	731	558	314	55	1,797	(344)
	51	21,977	5,146	1,482	1,325	11,196	3,503	838	23,490	(1,513)
		29,668	7,443	2,203	2,252	15,618	5,577	1,125	34,218	(4,550)
9	1	2,273	1,120	287	512	2,105	607	84	4,715	(2,442)
	2	5,205	1,759	374	32	2,629	875	197	5,866	(661)
	6	1,987	639	241	0	1,251	583	67	2,781	(794)
	9	76	28	11	0	186	44	3	272	(196)
	11	4,606	1,051	415	371	2,952	762	160	5,711	(1,105)
		14,147	4,597	1,328	915	9,123	2,871	511	19,345	(5,198)
14	1	11,198	3,139	892	462	5,818	2,902	420	13,633	(2,435)
	6	9,648	2,064	787	63	5,047	2,192	362	10,515	(867)
		20,846	5,203	1,679	525	10,865	5,094	782	24,148	(3,302)
38		528	85	45	0	294	47	20	491	37
Total Classes		404,940	101,243	35,553	14,636	227,054	88,681	15,235	482,402	(77,462)
10		11,221	1,296	448	33	2,914	1,320	256	6,267	4,954
12		2,319	578	144	0	995	460	93	2,270	49
13		19,240	3,018	963	978	5,660	2,417	412	13,448	5,792
18		78	13	3	0	17	12	3	48	30
19		4,026	1,937	989	96	0	993	0	4,015	11
Total Deposit Accounts		36,884	6,842	2,547	1,107	9,586	5,202	764	26,048	10,836
Total Deposit Accounts and Classes		441,824	108,085	38,100	15,743	236,640	93,883	15,999	508,450	(66,626)
Silicosis										
2	3	0	0	0	0	57	27	0	84	(84)
	4	129	53	0	38	1,473	262	0	1,826	(1,697)
		129	53	0	38	1,530	289	0	1,910	(1,781)
Rounding		(2)	2	1	0	(3)	3	1	4	(6)
Grand Total		441,951	108,140	38,101	15,781	238,167	94,175	16,000	510,364	(68,413)

NOTE: 1. Assessment Income
As a significant portion of assessment income is not received until after year end, the amount shown is an estimate based on statistical data. Adjustments to this estimate are made in the following year.

STATEMENT OF CHANGES IN SUB-CLASS BALANCES FOR THE YEAR ENDED 31 DECEMBER 1988 (in $,000's)

Class and Sub-Class		UNAPPROPRIATED SURPLUS					BENEFIT MAINTENANCE AND ASSESSMENT RATE STABILIZATION RESERVE		
		1 January Balances	Current Year Excess (Deficiency)	Adjustment To Prior Years' Actuarial Estimates	Transfer From (To) Benefit Maintenance And Rate Stabilization	31 December Balances	1 January Balances	Transfer From (To) Unappropriated Surplus	31 December Balances
1	2	(5,419)	6,238	10,873	(9,019)	2,673	0	9,019	9,019
	4	6,515	(3,838)	3,443	0	6,120	6,435	0	6,435
	5	27,247	(12,052)	2,773	0	17,968	22,520	0	22,520
	7	1,117	(2,294)	2,451	0	1,274	4,235	0	4,235
	9	2,055	(1,225)	999	0	1,829	2,327	0	2,327
		31,515	(13,171)	20,539	(9,019)	29,864	35,517	9,019	44,536
4	3	129	391	(3,356)	418	(2,418)	418	(418)	0
	11	(11)	(5,018)	246	0	(4,783)	0	0	0
	18	(2,589)	706	909	0	(974)	0	0	0
	30	10,136	(2,401)	3,106	0	10,841	4,894	0	4,894
		7,665	(6,322)	905	418	2,666	5,312	(418)	4,894
6	2	6,637	(3,492)	301	0	3,446	6,951	0	6,951
	3	2,184	(83)	(1,128)	0	973	1,937	0	1,937
	4	852	(2,619)	1,303	278	(186)	278	(278)	0
	5	891	(378)	267	0	780	332	0	332
	7	622	(250)	(303)	0	69	361	0	361
	8	1,515	168	342	0	2,025	601	0	601
	17	(524)	121	(199)	0	(602)	0	0	0
	18	57	(103)	50	0	4	59	0	59
	20	4,908	(447)	1,332	0	5,793	1,958	0	1,958
	21	3,190	(4,223)	(2,040)	3,073	0	3,409	(3,073)	336
	22	(1)	(2,414)	40	1,616	(759)	1,616	(1,616)	0
	24	167	(170)	1,937	0	1,934	534	0	534
	25	(1,227)	(62)	(260)	0	(1,549)	0	0	0
	26	(10,987)	623	4,599	0	(5,765)	0	0	0
	27	5,976	(3,333)	6,655	0	9,298	6,956	0	6,956
	31	1,196	(151)	145	0	1,190	398	0	398
	32	737	349	(187)	0	899	213	0	213
	36	1,907	(83)	908	0	2,732	1,004	0	1,004
	37	0	(1,534)	(1,206)	366	(2,374)	366	(366)	0
	39	(1,254)	(134)	628	0	(760)	0	0	0
	43	620	391	3,470	0	4,481	2,000	0	2,000
	46	118	(20)	60	0	158	54	0	54
	54	3,322	(1,499)	3,258	0	5,081	3,082	0	3,082
	56	659	(34)	(139)	0	486	205	0	205
	57	0	(1,795)	(903)	244	(2,454)	244	(244)	0
	58	(2,236)	(67)	313	0	(1,990)	0	0	0
	59	718	(1,836)	1,510	0	392	2,311	0	2,311
		20,047	(23,075)	20,753	5,577	23,302	34,869	(5,577)	29,292
7	5	(11,655)	892	(571)	0	(11,334)	0	0	0
	6	(680)	(6,314)	(1,792)	0	(8,786)	0	0	0
	7	0	(9,074)	5,628	3,446	0	13,019	(3,446)	9,573
	11	(1,694)	(2,323)	(686)	0	(4,703)	0	0	0
	13	214	(226)	1,157	0	1,145	426	0	426
	21	2,697	(2,100)	1,597	0	2,194	3,512	0	3,512
	25	(17,241)	(81)	2,515	0	(14,807)	0	0	0
	26	4,859	(847)	(752)	0	3,260	3,691	0	3,691
	47	1,046	(642)	424	0	828	368	0	368
	48	6,724	(1,166)	(3,918)	0	1,640	2,324	0	2,324
		(15,730)	(21,881)	3,602	3,446	(30,563)	23,340	(3,446)	19,894

WORKERS' COMPENSATION BOARD

SCHEDULE 2 (b)

STATEMENT OF CHANGES IN SUB-CLASS BALANCES FOR THE YEAR ENDED 31 DECEMBER 1988 (in $,000's)

Class and Sub-Class		UNAPPROPRIATED SURPLUS					BENEFIT MAINTENANCE AND ASSESSMENT RATE STABILIZATION RESERVE		
		1 January Balances	Current Year Excess (Deficiency)	Adjustment To Prior Years' Actuarial Estimates	Transfer From (To) Benefit Maintenance And Rate Stabilization	31 December Balances	1 January Balances	Transfer From (To) Unappropriated Surplus	31 December Balances
8	1	3,305	(1,399)	(876)	0	1,030	1,985	0	1,985
	8	(5,621)	186	(962)	0	(6,397)	0	0	0
	11	1,080	(711)	(137)	0	232	1,378	0	1,378
	12	336	(465)	88	41	0	405	(41)	364
	20	2,478	(304)	578	0	2,752	997	0	997
	23	2,330	(344)	358	0	2,344	834	0	834
	51	5,388	(1,513)	5,543	0	9,418	14,943	0	14,943
		9,296	(4,550)	4,592	41	9,379	20,542	(41)	20,501
9	1	4,575	(2,442)	1,532	0	3,665	3,250	0	3,250
	2	1	(661)	2,641	0	1,981	3,566	0	3,566
	6	526	(794)	(1,274)	1,330	(212)	1,330	(1,330)	0
	9	629	(196)	(246)	0	187	197	0	197
	11	4,428	(1,105)	3,501	0	6,824	4,544	0	4,544
		10,159	(5,198)	6,154	1,330	12,445	12,887	(1,330)	11,557
14	1	6,188	(2,435)	(2,089)	0	1,664	8,563	0	8,563
	6	(211)	(867)	3,591	(1,940)	573	0	1,940	1,940
		5,977	(3,302)	1,502	(1,940)	2,237	8,563	1,940	10,503
38		2,324	37	706	0	3,067	1,865	0	1,865
Total Classes		71,253	(77,462)	58,753	(147)	52,397	142,895	147	143,042
10		0	4,954	(4,954)	0	0	0	0	0
12		0	49	(49)	0	0	0	0	0
13		0	5,792	(5,792)	0	0	0	0	0
18		0	30	(30)	0	0	0	0	0
19		0	11	(11)	0	0	0	0	0
Total Deposit Accounts		0	10,836	(10,836)	0	0	0	0	0
Total Deposit Accounts and Classes		71,253	(66,626)	47,917	(147)	52,397	142,895	147	143,042
Silicosis									
2	3	1,762	(84)	169	0	1,847	426	0	426
	4	4,885	(1,697)	2,088	0	5,276	2,478	0	2,478
		6,647	(1,781)	2,257	0	7,123	2,904	0	2,904
Rounding		(1)	(6)	7	0	0	0	0	0
Grand Total		77,899	(68,413)	50,181	(147)	59,520	145,799	147	145,946

NOTE: 1. Benefit Maintenance and Assessment Rate Stabilization Reserve
Amounts were transferred during the current year from the Benefit Maintenance and Assessment Rate Stabilization Reserve for sub-classes previously in a surplus position at the beginning of the year but subsequently in a deficit position prior to the transfer. Amounts were transferred during the current year to the Benefit Maintenance and Assessment Rate Stabilization Reserve for sub-classes previously in a deficit position at the beginning of the year but subsequently in a surplus position prior to and after the transfer.

WORKERS' COMPENSATION BOARD

SCHEDULE 3

STATEMENT OF ADMINISTRATION EXPENSES FOR THE YEAR ENDED 31 DECEMBER 1988 (in $,000's)

	1987
Salaries and employees' benefits	63,648
Depreciation	5,421
Consulting fees	2,671
Communications	2,642
Equipment	2,004
Building and services	2,871
Supplies and stationery	2,324
Staff travel	1,850
Advertising	1,240
Miscellaneous	861
Publications	613
Medical review panel	451
Patients' meals	453
Industry hearing examinations	37
Automobile fleet	464
Employee relocation	127
(Gain) loss on disposal of fixed assets	22
	87,699
Less: Miscellaneous income	(1,932)
	85,767
Less: Allocated to medical aid	(10,370)
Allocated to investment income	(244)
TOTAL ADMINISTRATION EXPENSES	75,153

WORKERS' COMPENSATION BOARD

SCHEDULE 4

PORTFOLIO INVESTMENTS HELD AS AT 31 DECEMBER 1988 (in $,000's)

	1987
Government of Canada and Federal Crown Corporations	638,659
Province of British Columbia and Crown Corporations	374,171
British Columbia Municipal and School	112,534
Other Provinces and Crown Corporations	773,588
Long-term investments, market value	1,898,952
Short-term investments, amortized cost	645,337
(Bank indebtedness) cash	501
	2,544,790

COMMENTARY ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1988

The following commentary is provided to assist readers in understanding the intent and content of the preceding financial Exhibits and Schedules.

Exhibit 1 - Balance Sheet

This Exhibit reveals the Board's financial position at the end of its fiscal year. It identifies all assets owned by the Board, such as investments, fixed assets and amounts receivable from others. It also discloses the amounts owed to others as a result of day to day operations, and the actuarial estimate of the present value of pensions and other costs of claims to be paid by the Board in future years for existing claimants. These Accident Fund and Silicosis Fund liabilities are evaluated each year, and independently confirmed by the Consulting Actuary.

The amount by which the assets exceed the liabilities is called, in this Exhibit, the "Unappropriated surplus".

Exhibits 2 to 5 analyze the changes which occurred during the year for certain of the Balance Sheet items.

Exhibit 2 - Statement of Income and Expense and Unappropriated Surplus

This Exhibit gives a breakdown of the Board's income and expenses for the year and shows how the net of these items resulted in the change for the year in the unappropriated surplus.

Income comprises assessments received from B.C. employers and from investment earnings. In this Exhibit, expenses are classified into the categories of claims arising in the current year, claims made in prior years and administration and other expenses.

Readers should also examine Schedule 1, which further analyzes the change in Unappropriated Surplus.

Exhibit 3 - Statement of Changes in Fund Liabilities

As described under Exhibit 1, the liabilities of the Accident and Silicosis Funds are adjusted each year to reflect the current year's claims and a re-evaluation of past years' remaining liabilities based on current conditions. Exhibit 3 reveals the items which were added to the liabilities (mainly the addition of current year costs) and the items deducted from the liabilities (mainly payments made) during the year.

Shown at the bottom of this Exhibit are the portions of the two funds represented by pensions awarded and by estimates of future costs of claims currently unfinalled (i.e. where no pension award has yet been made).

Exhibit 4 - Statement of Changes in Reserve Balances

(a) Accident Fund Special Reserves

Under the Workers Compensation Act, the Board is required to maintain reserves to cover the costs of claims arising from disasters, from the deterioration of previously existing injuries or conditions, and from the continuing costs of classes of industry which cease to operate. These special reserves are shown as part of the Reserves on Exhibit 1.

(b) Benefit Maintenance and Assessment Rate Stabilization Reserve

The Board has established a Benefit Maintenance and Assessment Rate Stabilization Reserve which may be used to reduce the impact on assessment rates resulting from such changes as claim frequencies, benefit levels or rates of return on investments. This reserve is shown as part of the Reserves on Exhibit 1.

Exhibit 4 reveals the items making up the additions to, and deductions from, the reserves during the year.

Exhibit 5 - Statement of Changes in Financial Position

This Exhibit sets out all of the Board's sources of funds during the year and those areas to which the funds were applied. These sources and dispositions of funds are categorized into the two main activities of the Board, operating and other. The net increase in funds was invested, therefore, the statement shows all those items which caused the change during the year in the value of investments carried on Exhibit 1.

Within operating activities the Exhibit begins with the net (loss) income (from Exhibit 2) and adjusts this amount for items included in it which do not involve cash. Then it adjusts for cash transactions which are charged directly to the Accident or Silicosis Funds or to the Special Reserves to arrive at the amount of cash generated from operations.

Other activities reflect the purchases of fixed assets together with the changes in the Board's assets and liabilities which generate or use cash.

Schedule 1 - Statement of All Years' Claims Costs and Unappropriated Surplus

This Schedule reveals how the Board's income and expense during the year, together with the change in the Accident and Silicosis Fund liabilities and with the change in the reserves, has resulted in a change in the Unappropriated Surplus.

The income figures are the same as those on Exhibit 2, while the expense section combines and categorizes payments for the current year claims from Exhibit 2 with payments for prior years' claims from the Accident and Silicosis Funds on Exhibits 3 and 4.

Schedule 2(a) - Current Year - Statement of Assessments and Current Year Injury Costs

Both this Schedule and Schedule 2(b) break down the contents of Exhibit 2 by sub-class. This schedule shows the total of the elements comprising the changes in the sub-class balances for the current year. The total of this schedule, referred to as the Current Year Excess (Deficiency), is transferred to Schedule 2(b) under the same name.

Schedule 2(b) - Balance Changes - Statement of Changes in Sub-Class Balances

This Schedule further breaks down the contents of Exhibit 2 by sub-class. It provides employers with a summary for the year of the changes which occurred in their own sub-class balances of the Unappropriated Surplus and of the Benefit Maintenance and Assessment Rate Stabilization Reserve.

Schedule 3 - Statement of Administration Expenses

This Schedule gives an analysis of the major types of administration expenses on a comparative basis.

The reductions at the bottom of this schedule disclose:

(a) administration costs incurred for the Rehabilitation Clinic and the Residence which are reclassified to medical aid costs, and

(b) administration costs incurred in executing the investment program which are reclassified against investment income.

Schedule 4 - Portfolio Investments Held

This Schedule reveals the composition of the Board's long-term investments by groupings of type of jurisdiction or organization, as well as the total for each of short-term investments (term under one year) and cash or bank indebtedness. The long-term, short-term, and cash or (bank indebtedness) totals match those shown on Exhibit 1.

Senior Operating Personnel

Chairman:
* Bill Greer
**James Nielsen

Commissioners:
Beverley Korman
Joan Nutter
Erik Wood

General Managers:
Ed Bates
Board Counsel and Secretary to the Board

Bill Greer
General Manager, Occupational Safety and Health Division

Bob Gunn
General Manager, Financial Services Division

Grant McMillan
General Manager, Administrative Services Division

***Robert Taylor
General Manager, Compensation and Medical Services Division

Executive Directors:
Willy Kurz
Chief Information Officer, Information Systems

Dr. Anthony Nichini
Executive Director, Medical Services Division

Directors:
Nick Attewell
Director, Appeals Administration

George Balfour
Director, Human Resources

Don Calder
Director, Development Services

Directors: (Cont.)
Harry Carruthers
Director, Field Services

Dr. Colin Campin
Director, Medical Services

Bud DuGas
Director, Assessments

Bill Evans
Treasurer

Alastair Gordon
Director, Community Relations

Roy Holloway
Director, Technical Services

Michael Marriott
Director, Computing Services

Dave Martin
Director, Research and Planning

Dr. James Naismith
Medical Director, Rehabilitation Clinic

Art Quinn
Director, Claims

Al Riegert
Director, Research and Standards

Douglas Smith
Controller

Tom Wharton
Director, Clinic

Dr. Bill Whitehead
Director, Occupational Health

Keith Younie
Actuary

* appointed February, 1989 ** resigned February, 1989 *** retired February, 1989